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C O N F I D E N T I A L SEOUL 000794

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SUBJECT: KIM GEUN-TAE SILENT ON ELECTIONS, VOCAL ON FTA AND CHINA

Classified By: Amb. Alexander Vershbow. Reasons 1.4 (b,d).

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SUMMARY  
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¶11. (C) While deflecting direct questions about his presidential aspirations, former Uri Party Chairman Kim Geun-tae spoke candidly over lunch with the Ambassador on March 15 about a number of issues including the KORUS FTA, Comfort Women, an inter-Korean Summit, and the Six-Party Talks. On the FTA, Kim said that he would issue a statement saying the FTA should not be concluded until the next ROK administration when there would be more time to adequately evaluate the merits of the deal (the Ambassador explained that, with TPA expiring, it was now or probably never). Kim said that he was still hopeful that Kaesong Industrial Complex products would find their way into the final FTA agreement. On Comfort Women, Kim said that Koreans held very deep feelings about the issue but were not yet speaking out because they trusted that the U.S. would adequately rebut Japanese PM Abe's recent statement. Kim said that the push for an inter-Korean summit was to create a "synergy" with the 6PT, not to get ahead of the talks. Further, the Six-Party Talks should be held on the Korean Peninsula as it was ultimately a question of the relationship between the North and South. China should be excluded from talks on a permanent peace regime; only the three countries with forces still facing off in the DMZ should be included. National Assembly Representatives Lee In-young, Hong Mi-young, and Woo Won-shik accompanied Kim to the meeting. END SUMMARY.

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WHAT KOREANS ARE THINKING  
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¶12. (C) Uri Rep. Kim Geun-tae, in a March 15 luncheon meeting with the Ambassador, said that during his eight-month tenure as Uri Party Chairman, he faced many tough challenges including the DPRK's missile launches and nuclear test. Kim said that the Korean people were "bored" with the current administration. Working people complained they did not have enough money. Despite some improvements, people were not satisfied with the current administration. This was clear in the May 31, 2006 local elections where Uri received little support. Kim said he hoped that President Bush would keep up his support for President Roh until the end of Roh's term in office. If Bush, Roh and Kim Jong-il held a summit, it would

provide much needed support for Roh.

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KORUS FTA DIVIDED KOREANS  
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¶3. (C) Rep. Woo noted that the KORUS FTA was a divisive force in Korea. As the negotiations entered the final stage, Koreans still hoped that Kaesong Industrial Complex (KIC) goods would be admitted as they were a sign of inter-Korean cooperation and hope. The Ambassador agreed that the KIC represented a good opportunity to expose the DPRK to free market principles and broader economic reforms; moreover, the U.S. had contributed to the project by granting licenses to employ certain technologies at KIC. Inclusion in the FTA was another matter, however. For now, the U.S. did not have a normal relationship with the DPRK. If the relationship improved and if labor and human rights concerns were adequately addressed, the U.S. might reconsider its view on KIC products.

¶4. (C) Kim echoed Woo's comment on the divisive nature of the FTA. Similar public affairs campaigns focusing on economic growth were used in 1996 when Korea joined the OECD, only to have those hopes dashed by the 1997 Asian Financial Crisis. While some people had high hopes for the FTA's impact on the Korean economy, many were concerned about vulnerable sectors like agriculture. The Ambassador responded that Korea's quick rebound from the 1997 Asian Financial Crisis showed the strength and depth of its economy. The FTA had prompted Korea to look at and reform many of its sectors that would be challenged by outside markets, regardless of the KORUS FTA.

¶5. (C) Kim explained that the Uri base was generally opposed to the KORUS FTA. To appease the base without speaking out directly against the deal, Kim said he planned to issue a statement asking the Roh administration to delay a decision until the next administration takes control. The Ambassador replied that this position was tantamount to opposing the FTA. There would not likely be another opportunity in a long time, given the upcoming expiration of TPA. Korea would benefit greatly from the FTA. For example, Korea was poised to see rapid growth in service exports, just as Australia experienced in the year following ratification of its FTA with the U.S.

¶6. (C) Rep. Lee expressed two concerns with the FTA. First, many Koreans correlated their support for the FTA to the inclusion of KIC products. Second, there were not enough protections for vulnerable industries in Korea. If Korea were admitted to the Visa Waiver Program (VWP), that would build support for the FTA and the U.S. in general. The Ambassador said that the Senate recently put forward an amendment to a bill that would make expansion of VWP possible.

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COMFORT WOMEN AND JAPAN  
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¶7. (C) According to Kim, Japan had lost its appeal to the U.S. Perhaps, Korea now had the upper hand in its bilateral relations with the U.S. Kim said that this was a critical time in the region and he hoped that the U.S. would work hard to establish security and order with the ROK's help. Kim cited the successful negotiation of a compromise on the timing of wartime OPCON transfer as proof that sensitive issues could be resolved without an ideological debate. The Ambassador agreed that the U.S.-ROK alliance was indeed key to effectively resolving regional issues, as was the U.S.-Japan alliance; this was not a zero-sum game.

¶8. (C) Rep. Hong said that she traveled to the U.S. in support of the Comfort Women issue when she was a member of the Women's Committee. This was the seventh time that the issue was considered by the U.S. Congress, Hong had high hopes for success. The Ambassador assured Hong that the Comfort Women issue was a high priority for the USG and that

Deputy Secretary of State Negroponte had raised it with Japanese officials during his recent trip to the region. In the early 1990s, Japan had acknowledged government involvement with Comfort Women, the Ambassador noted. It was not clear why PM Abe was retreating from those earlier findings--although he had stated he would not renounce the Kono Statement of 1993. Kim said that Koreans held very deep feelings about the issue but were not yet speaking out because they trusted that the U.S. would adequately rebut Abe's recent statement.

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INTER-KOREAN SUMMIT  
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¶9. (C) Kim said that he realized that some within the USG were concerned that an inter-Korean summit would get in the way of the 6PT. Rather than hinder the 6PT, Kim said a synergy was needed between the 6PT and an inter-Korean summit. As for the effect that a North-South summit might have on the Presidential elections, Kim remained skeptical. The announcement of the 2000 North-South Summit did little to help the then ruling party in parliamentary elections held just after the announcement. The Ambassador assured Kim that the U.S. would view the question of a North-South summit on the basis of whether it helped the 6PT process and the goal of denuclearization. The best chance for success was for the five parties to coordinate all their efforts.

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PEACE REGIME NEGOTIATIONS  
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¶10. (C) Turning to the question of negotiations to establish a permanent peace regime that would replace the armistice and end the Korean War, Kim said that China should be excluded from the talks. Any peace agreement should be among the North the South and the U.S., as the only three countries

with forces still facing off along the DMZ. A Recent TV drama captivated 40-50 percent of the population because it embodied the hope for a better future; a view shared by those who watched the program (NOTE: The drama, set in the Koguryo period of Korea's history, portrayed the country as defiant and strong versus China. END NOTE.).

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SIX-PARTY TALKS  
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¶11. (C) The Ambassador asked Kim if he thought the DPRK was ready to make a strategic decision to denuclearize. Kim responded that he thought that if the U.S. was ready to provide a security guarantee, the DPRK would be ready to denuclearize. Kim Il-sung was still alive, in a figurative sense, in the North. His dying wish was the denuclearization of the Korean peninsula. Even today, many DPRK officials repeated this phrase. Kim expressed dismay that the 6PT were held in Beijing, rather than on the Korean peninsula. The Ambassador said that China has been helpful in using its leverage and influence to keep the DPRK motivated in the talks. The first real test of the DPRK's intentions was whether the DPRK would proceed with the disablement of their nuclear facilities in the second phase of the process launched by the February 13 agreement.

VERSHBOW